

ANNUAL REPORT

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CONTAINER CORPORATION OF AMERICA

CHICAGO, ILLINOIS

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FISCAL YEAR ENDED DECEMBER THIRTY-FIRST

BOARDS

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Ration packages for the Armed Forces

MARCH 2, 1944

CONTAINER CORPORATION OF AMERICA

MILLS CARTHAGE, INDIANA
CHICAGO, ILLINOIS
CINCINNATI, OHIO (leased)
CIRCLEVILLE, OHIO
FERNANDINA, FLORIDA
PHILADELPHIA, PENNSYLVANIA
WABASH, INDIANA
WILMINGTON, DELAWARE

FACTORIES ANDERSON, INDIANA
BALTIMORE, MARYLAND (leased)
CHICAGO, ILLINOIS
CLEVELAND, OHIO (leased)
CINCINNATI, OHIO
FORT WORTH, TEXAS (leased)
NATICK, MASSACHUSETTS
PHILADELPHIA, PENNSYLVANIA
ROCK ISLAND, ILLINOIS (leased)

BRANCH AND SALES OFFICES ANDERSON, INDIANA
BALTIMORE, MARYLAND
CHICAGO, ILLINOIS
CINCINNATI, OHIO
CLEVELAND, OHIO
DALLAS, TEXAS
DETROIT, MICHIGAN
FORT WORTH, TEXAS
INDIANAPOLIS, INDIANA
MINNEAPOLIS, MINNESOTA
NATICK, MASSACHUSETTS
NEW YORK, NEW YORK
PEORIA, ILLINOIS
PHILADELPHIA, PENNSYLVANIA
ROCHESTER, NEW YORK
ROCK ISLAND, ILLINOIS
ST. LOUIS, MISSOURI
WABASH, INDIANA
WASHINGTON, D. C.

OPERATING SUBSIDIARY PIONEER PAPER STOCK COMPANY
Plants (all leased) located at
CHICAGO, ILL., DETROIT, MICH.,
KALAMAZOO, MICH., PHILADELPHIA, PA.

AFFILIATED COMPANY SEFTON FIBRE CAN COMPANY, ST. LOUIS, MO.

111 WEST WASHINGTON STREET, CHICAGO

DIRECTORS WILLIAM R. BASSET, New York, New York
J. J. BROSSARD, Washington, D. C.
HENRY B. CLARK, San Diego, California
WESLEY M. DIXON, Chicago, Illinois
JOHN L. DOLE, Chicago, Illinois
GEORGE DEB. GREENE, New York, New York
WILLIAM P. JEFFERY, New York, New York
WALTER P. PAEPCKE, Chicago, Illinois
J. V. SPACHNER, Chicago, Illinois

EXECUTIVE COMMITTEE WILLIAM R. BASSET
WILLIAM P. JEFFERY
WALTER P. PAEPCKE

OFFICERS President, WALTER P. PAEPCKE
Vice President, J. J. BROSSARD
Vice President, WESLEY M. DIXON
Vice President, IRA C. KELLER
Vice President, J. V. SPACHNER
Treasurer—Comptroller, H. C. BAUMGARTNER
Secretary, E. A. WAGONSELLER
Assistant Treasurer, CHRIST MADSEN
Assistant Treasurer, ARTHUR PAPKE
Assistant Secretary, L. A. COMBS
Assistant Secretary, H. J. GREVEN
Assistant Comptroller, EDWARD J. STOUT
Assistant Comptroller, C. M. BLUMENSCHNEIN

TRANSFER AGENTS CONTAINER CORPORATION OF AMERICA,
Chicago, Illinois
CITY BANK FARMERS TRUST COMPANY,
New York, New York

REGISTRARS CONTINENTAL ILLINOIS NATIONAL BANK AND
TRUST COMPANY, Chicago, Illinois
THE NEW YORK TRUST COMPANY,
New York, New York



HONOR ROLL

1943

COMPANY EMPLOYEES IN THE SERVICES

UNITED STATES ARMY***.....	1042
UNITED STATES NAVY*	270
MERCHANT MARINE	3
UNITED STATES MARINE CORPS	48
UNITED STATES AIR FORCES***	128
UNITED STATES COAST GUARD	38
WACS AND WAVES.....	13
	<hr/>
	1542

*LOST OR MISSING IN ACTION 7

CONTAINER CORPORATION OF AMERICA

CHICAGO, ILLINOIS, MARCH 2, 1944

TO THE STOCKHOLDERS OF CONTAINER CORPORATION OF AMERICA

We submit herewith the Annual Report of Container Corporation of America for the year ended December 31, 1943, including the Auditors' Certificate, a Consolidated Balance Sheet, and Summaries of Consolidated Profit and Loss and Surplus Accounts. In compliance with Security and Exchange Commission proxy rules, advice is hereby given that proxies for the annual stockholders meeting will be requested within a few days. It is expected that the proxy statement will be mailed to stockholders on March 7, 1944.

FINANCIAL REVIEW

PROFIT AND LOSS. Consolidated net profit for 1943 after appropriating \$700,000 for a war and postwar reserve amounted to \$2,184,054 compared with \$2,401,748 for 1942, equivalent to \$2.80 and \$3.07 per share respectively on each of the 781,253 outstanding shares of capital stock.

Quarterly earnings per share were:

1st Quarter.....	\$.48
2nd Quarter.....	.58
3rd Quarter.....	.68
4th Quarter.....	<u>1.06*</u>
	<u>\$2.80</u>

*After adding year end adjustments representing \$.33 per share.

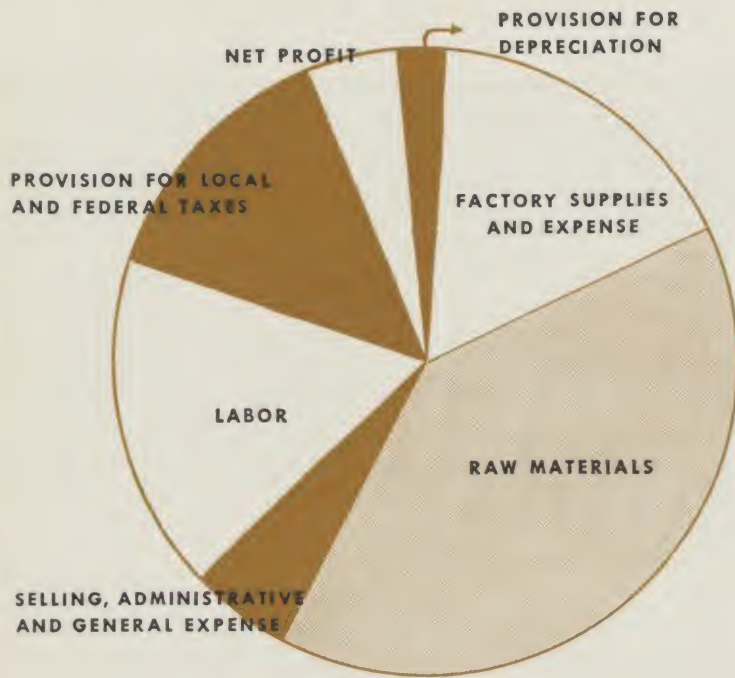
These respective earnings are net after administrative charges, interest, and provision for depreciation, bad and doubtful accounts, local and Federal taxes including excess profits taxes. It should be noted, however, that there was no war and postwar reserve appropriation in 1942; therefore net profits, on a comparable basis, were \$2,884,054 for 1943 vs. \$2,401,748 for 1942 or \$3.69 vs. \$3.07 per share. A comparative summary of operating results for the last three years follows:

	1943	1942	1941
Net sales.....	\$61,163,685	\$49,533,239	\$46,714,221
Cost of sales (exclusive of depreciation).....	46,206,565	36,668,926	35,548,267
Gross profit (exclusive of depreciation).....	\$14,957,120	\$12,864,313	\$11,165,954
Provision for depreciation (includes depletion of \$38,965 for 1943, \$27,176 for 1942 and \$12,099 for 1941).....	1,421,460	1,411,499	1,307,975
Gross profit from operations.....	\$13,535,660	\$11,452,814	\$ 9,857,979
Selling, administrative and general expenses (exclusive of bad debts).....	3,412,501	3,016,086	2,953,587
Profit from operations (exclusive of bad debts).....	\$10,123,159	\$ 8,436,728	\$ 6,904,392
Other charges:			
Provision for bad debts, less recoveries.....	\$ —	\$ —	\$ 45,596
Loss on capital assets retired or reduced to estimated realizable values.....	38,108	3,102	235,921
	\$ 38,108	\$ 3,102	\$ 281,517
	\$10,161,267	\$ 8,439,830	\$ 6,622,875
Other income:			
Purchase discounts, interest earned, etc.....	222,787	178,550	211,838
Profit before interest and Federal income taxes.....	\$10,384,054	\$ 8,618,380	\$ 6,834,713
Interest charges, etc.:			
Interest on term bank loans.....	—	\$ 34,136	\$ 90,140
Other interest, etc.....	—	2,496	2,396
	—	\$ 36,632	\$ 92,536
Profit before Federal income taxes.....	\$10,384,054	\$ 8,581,748	\$ 6,742,177
Provision for Federal income taxes:			
Declared value excess profits taxes.....	\$ 100,000	\$ —	\$ —
Normal taxes.....	740,000	733,000	1,187,000
Excess profits taxes.....	6,660,000*	5,447,000*	3,228,000
	\$ 7,500,000	\$ 6,180,000	\$ 4,415,000
Net profit for year.....	\$ 2,884,054	\$ 2,401,748	\$ 2,327,177
Appropriation for war and postwar reserve.....	700,000		
Balance carried to earned surplus.....	\$ 2,184,054		

*Net after deduction of \$740,000 in 1943 and \$601,000 postwar refund in 1942.

Note—Italics denote red figures.

Depreciation was again provided at the same rates used in the preceding year and resulted in depreciation charges against operations of \$1,382,495. This was the gross amount added to the depreciation reserve account. The accumulated depreciation on those assets



which were either sold or retired during the year amounted to \$78,204 and was deducted from this account. Accordingly, the net increase in the depreciation reserve for the year was \$1,304,291.

Profit on capital assets sold or retired aggregated \$38,108; this was included in the year's profit and loss account.

Expenditures of \$2,838,817 were made for the repair and maintenance of buildings, machinery and equipment, and this was all charged against operating costs. In recent years repair and maintenance expense has been higher than formerly, first because of additional properties, secondly the

high rate of operations of all properties, and finally the higher unit cost of materials and labor for all repair and maintenance purposes.

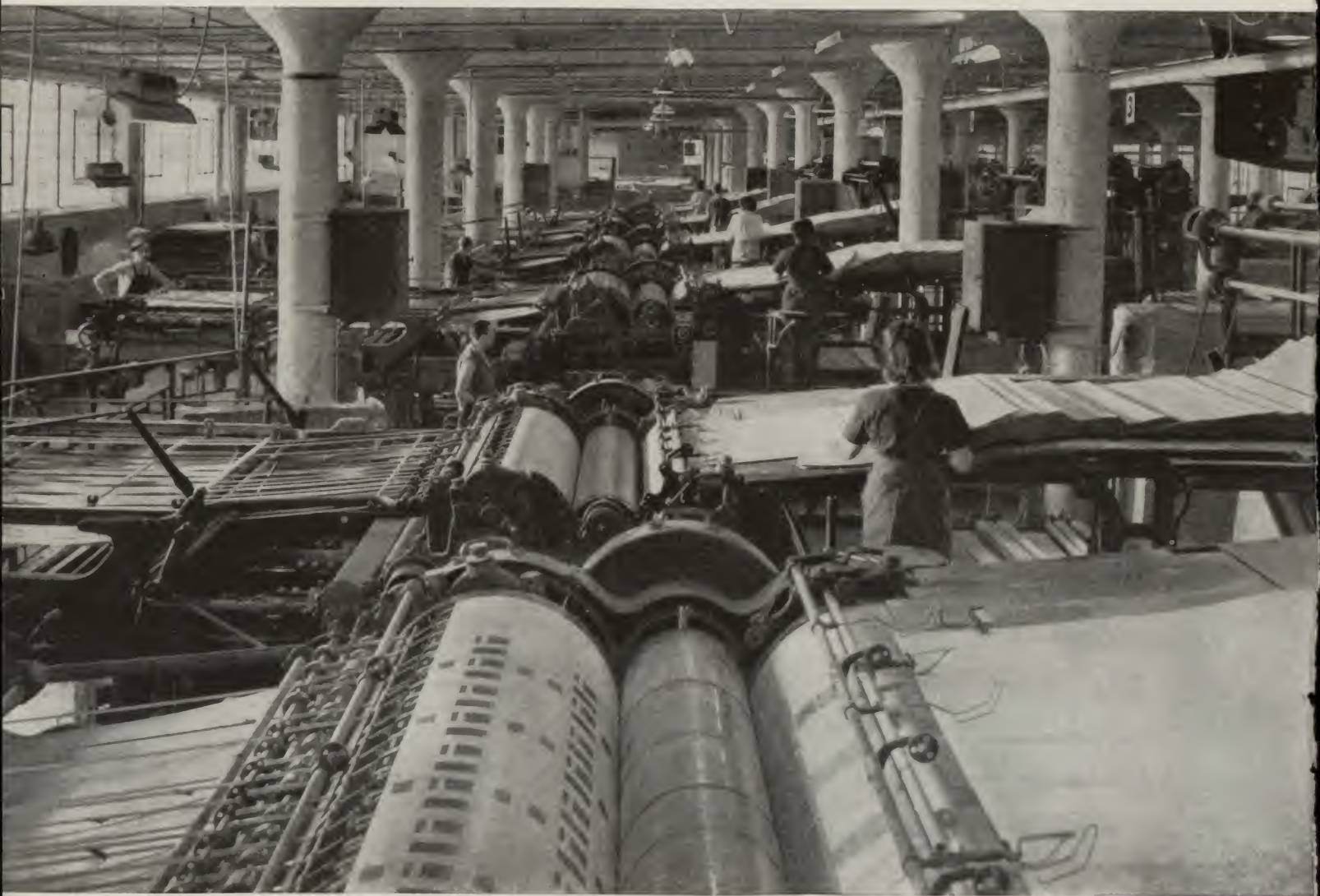
Provision for Federal income and excess profits taxes after postwar credit was estimated at \$7,500,000 or \$9.60 a share of outstanding stock. For the determination of excess profits tax both the parent Company and the consolidated subsidiary, Pioneer Paper Stock Company, used the average earnings basis. As mentioned in the financial statements, a claim for refund of excess profits taxes for prior years has been filed under Section 722 of the Internal Revenue Code.

The relative proportion of net sales accounted for by net profit, depreciation, factory supplies and expense, raw materials, labor, selling, administrative and general expense, and local and Federal taxes is set forth in the appended diagram and table. Net profit earned in 1943 was 9.6% on the average capital (capital stock and surplus) employed during the year.

	1943		1942	
Net sales.....	\$61,163,685	100.00%	\$49,533,239	100.00%
Raw Materials.....	\$24,722,828	40.42%	\$19,517,825	39.40%
Factory supplies and expense.....	10,272,945	16.80	8,378,892	16.92
Labor.....	10,565,946	17.27	8,213,519	16.58
*Selling, administrative and general expense.....	2,939,581	4.81	2,655,772	5.36
Provision for depreciation (includes depletion of \$38,965 for 1943 and \$27,176 for 1942).....	1,421,460	2.32	1,411,499	2.85
Provision for local and Federal taxes.....	8,356,871	13.66	6,953,984	14.04
Net profit.....	2,884,054**	4.72	2,401,748	4.85

*Includes other income and charges.

**Before appropriation of \$700,000 for war and postwar reserve.



Battery of two-color Michle presses in the Manayunk carton plant in Philadelphia, which is one of the large processing departments in the industry.



Carton with corrugated pads. Formerly, wooden containers were considered indispensable for chalk.

WORKING CAPITAL. Changes in working capital were as follows:

	December 31		Increase or Decrease (d)
	1943	1942	
CURRENT ASSETS:			
Cash in banks and on hand	\$1,649,835	\$1,216,063	\$ 433,772
U. S. treasury notes and war bonds	447,061	285,870	161,191
Accounts and notes receivable from customers, less reserves	2,852,480	2,236,244	616,236
Notes receivable (secured by property sold)	—	125,000	125,000 (d)
Other receivables	61,001	19,367	41,634
Inventories	3,481,416	3,199,667	281,749
Total current assets	<u>\$8,491,793</u>	<u>\$7,082,211</u>	<u>\$1,409,582</u>
CURRENT LIABILITIES:			
Accounts payable	\$ 849,217	\$1,154,353	\$ 305,136 (d)
Accrued salaries, wages and profit-sharing provision	598,057	505,436	92,621
Accrued taxes	512,385	437,440	74,945
Provision for Federal income and excess profits taxes	—*	—*	—
Sundry accruals	146,145	106,105	40,040
Total current liabilities	<u>\$2,105,804</u>	<u>\$2,203,334</u>	<u>\$ 97,530 (d)</u>
Net working capital	<u>\$6,385,989</u>	<u>\$4,878,877</u>	<u>\$1,507,112</u>
Current ratio	4.03 to 1	3.21 to 1	—
*Provision for Federal income taxes	\$9,068,820	\$6,878,426	—
Less: Treasury notes—tax series	9,068,820	6,878,426	—



New Dacca-Vapo-Pak for frozen foods, designed for home and locker plant use.

During the year working capital increased \$1,507,112. Because of the increase in total volume of business done and in price levels there were increases in receivables and inventories. Receivables at the year end represented about sixteen days of sales.

You will note that your Company has on hand \$9,068,820 of Treasury Notes, Tax Series C, which is sufficient to provide for Federal income and excess profits tax liabilities. In addition there were on hand as at the close of the year \$447,061 of Treasury Notes and War Bonds.

The sources of funds and their disposition is set forth in the following application of funds statement:

Funds provided from the following sources.

Profit for year		\$2,184,054	
Add expense items not requiring cash—			
Provision for depreciation	\$1,382,495		
Provision for depletion	38,965		
Appropriation for war and postwar reserve	700,000		
	<u>\$2,121,460</u>		
Less profit on capital assets retired	38,108	2,083,352	\$4,267,406
Net decrease in other receivables and investments			58,990
Proceeds from sale of property			66,841
			<u>\$4,393,237</u>

Which were expended or accounted for as follows:

Dividends paid		\$1,171,879	
Net increase in working capital		1,507,112	
Increase in postwar refund Federal excess profits tax—			
Refund on account of 1943 excess profits tax	\$ 740,000		
Less amount of 1942 refund applicable to renegotiation settlement for that year		<u>40,166</u>	699,834
Renegotiation settlement for year 1942			108,192
Net increase in deferred charges			163,743
Additions to plant and equipment			<u>742,477</u>
			<u>\$4,393,237</u>

Incoming funds were expended principally for the following:

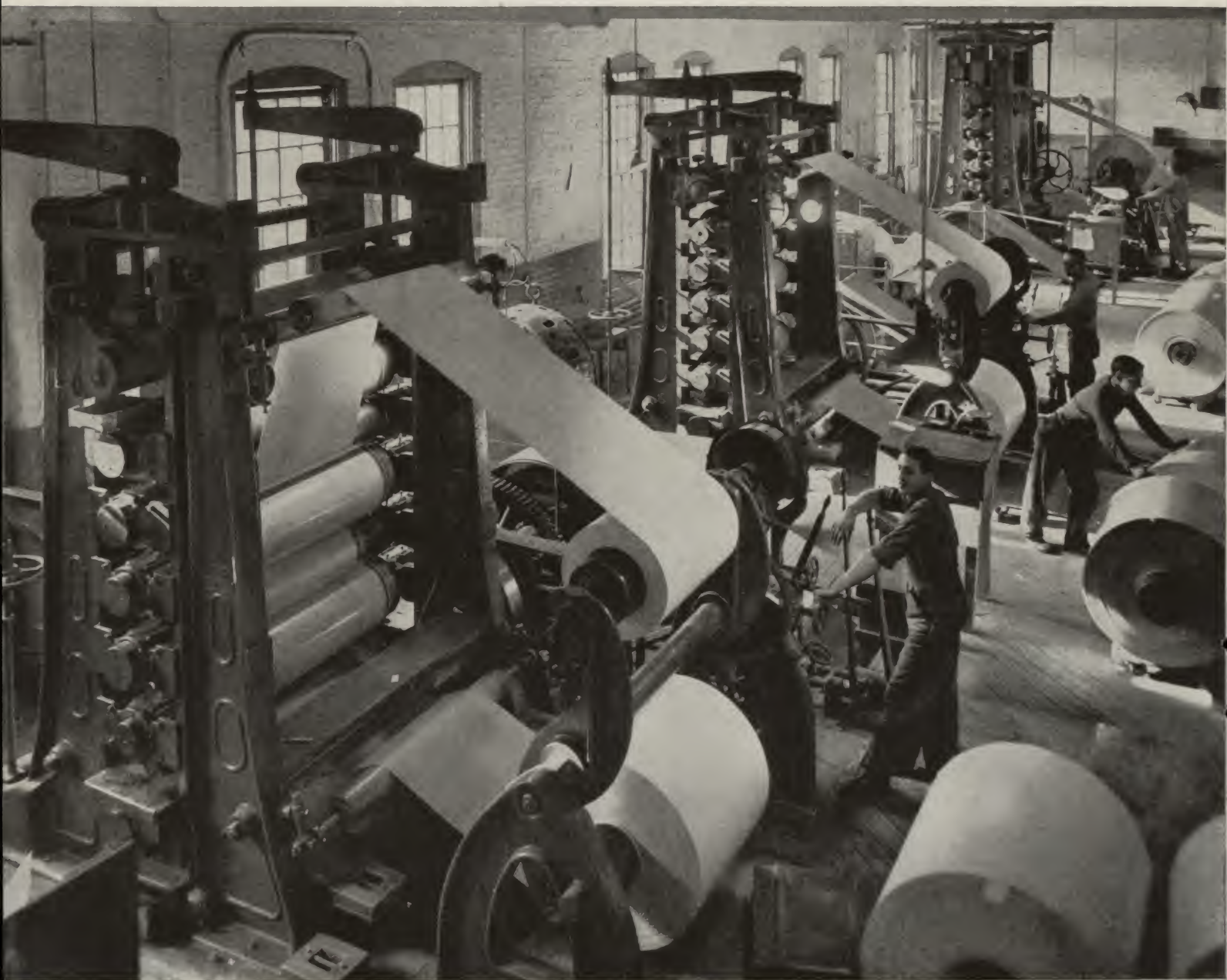
1. Dividends of \$1.50 a share, or \$1,171,879, were paid.
2. Capital expenditures of \$742,477 were made for the further improvement of, and additions to property. During the year an option was exercised for the purchase of the two-machine paper mill, and land and buildings at Wilmington, Delaware. This investment amounted to \$221,597. The Wilmington mill had been under lease since May 1939.
3. Increase in working capital of \$1,507,112.

A comparison of balance sheets, summary of profit and loss accounts, record of dividends, and interest on formerly existing funded debt, book value of capital stock, and earnings per share on the outstanding stock, appear in a twelve-year comparison on Pages 20 to 23.

CAPITALIZATION. There was no change in the number of shares of outstanding capital stock, which remained at 781,253 shares. At the close of the year the Company had 8,595 stockholders of record, which represented 8,271 individual holders and 324 holders



The new laboratory at 10 North Clark Street, Chicago. Here Dr. Robert A. Diehm, technical director, and staff supervise fundamental research for the Company



Super calendar stacks at Wabash, Indiana, where clay-coated board is finished for delivery to carton plants.

who were either brokers or companies. Consequently there were probably a very much larger number of individual holders than the figures indicate, but it is impossible to estimate accurately how many individual holdings are represented by brokers. The largest individual holder owned less than 5% of the outstanding shares. Approximately 50% of the outstanding shares were held by shareholders who owned from 1 to 200 shares each.

SURPLUS. The year's profit of \$2,184,054 was credited and dividend payments of \$1,171,879 were charged against earned surplus. The net addition to earned surplus from profits for the year 1943 was \$1,012,175. However, a charge of \$108,192 was made against this account for renegotiation of contracts applicable to the year of 1942. Earned surplus at the year end was \$6,941,863.

OPERATIONS

The following tabulation indicates the number of tons of paperboard and pulp produced in the paper and pulp mills of your Company and also the number of tons of finished product shipped by its mills and box factories to customers.

	Tons Produced in Mills	Tons Finished Product Shipped
1934.....	300,424	312,830
1935.....	373,399	382,381
1936.....	428,627	441,086
1937.....	391,270	390,496
1938.....	346,616	361,820
1939.....	432,848	462,385
1940.....	461,815	504,507
1941.....	546,002	627,292
1942.....	508,423	575,856
1943.....	537,076	598,918

Again a substantial tonnage of paperboard was fabricated and shipped by your Company's box and container factories which was not produced by your Company's mills but purchased from outside sources. This accounts for the larger number of tons of finished product shipped than the tons produced.

The chief expenditures for capital improvements, additions and acquisitions were as follows:

1. Acquisition of the two-machine paper mill at Wilmington, Delaware.
2. A large number of machines and miscellaneous equipment was purchased for the box shops and fabricating plants, and mechanical parts were added here and there to paper mills.
3. Very considerable improvements were made throughout most of the operating properties to provide better facilities for employees; this included wash rooms, locker rooms, cafeterias and restaurants, improved first-aid and employment office facilities, etc. As is mentioned later in this report the average number of men and women employed in the factories has risen to a new peak, and the percentage of women has also increased sharply; for both of these reasons expanded and improved facilities were necessary.

E R R A T U M

Percent of increase in consolidated net sales for 1943 over 1942 printed on first line page 14 as 12.3% should read 23.5%.

SALES

Consolidated net sales in 1943 amounted to \$61,163,685 or an increase of 12.3% over net sales of \$49,533,239 in 1942. The increase in unit volume was 4%. The ratio of net profit on sales after taxes but before war and postwar reserve was only slightly less than the 4.8% of the previous year.

Once more the Sales Research, Technical and Laboratory Research, and Art Departments were kept very busy in war development work and also in the redesign of certain essential civilian requirements. Beyond these particular departments are also devoting some time and effort to postwar and peace time planning.

AFFILIATED AND SUBSIDIARY COMPANIES

The Sefton Fibre Can Company, St. Louis, Missouri, manufacturer of paper cans with either tin or paper tops and bottoms, earned a profit of \$105,386 after all charges. A 5% dividend on the outstanding preferred stock and a 50c per share dividend on the common stock were paid.

This Company continued to operate for the Ordnance Department, on a management fee basis, a plant in Memphis, Tennessee which produced and shipped a very substantial quantity of tubes for shells to the U. S. Government. The balance sheet and profit and loss figures for Sefton Fibre Can Company are not included in the consolidated data contained in this report because Container Corporation does not own all of the outstanding capital stock of this Company.

The wholly owned subsidiary, Pioneer Paper Stock Company, continued to operate its waste paper business at a profit. As every one knows, there is a very acute shortage of waste paper, partly due to the tremendous consumption of this commodity by many types of paper mills and partly due to the fact that such a huge amount of paper containers is being shipped across the seas where the re-collection of the used containers as new raw material for domestic paper mills has presented a serious problem. There have been many waste paper collection drives all over the country, but even in spite of these efforts the shortage still remains serious and critical. It therefore remains the patriotic duty of every individual and corporation to do everything possible to see that waste paper is saved and brought back as a raw material to paper mills whose ability to fill war and essential civilian requirements depends upon the availability of an adequate supply of waste paper and pulp wood.

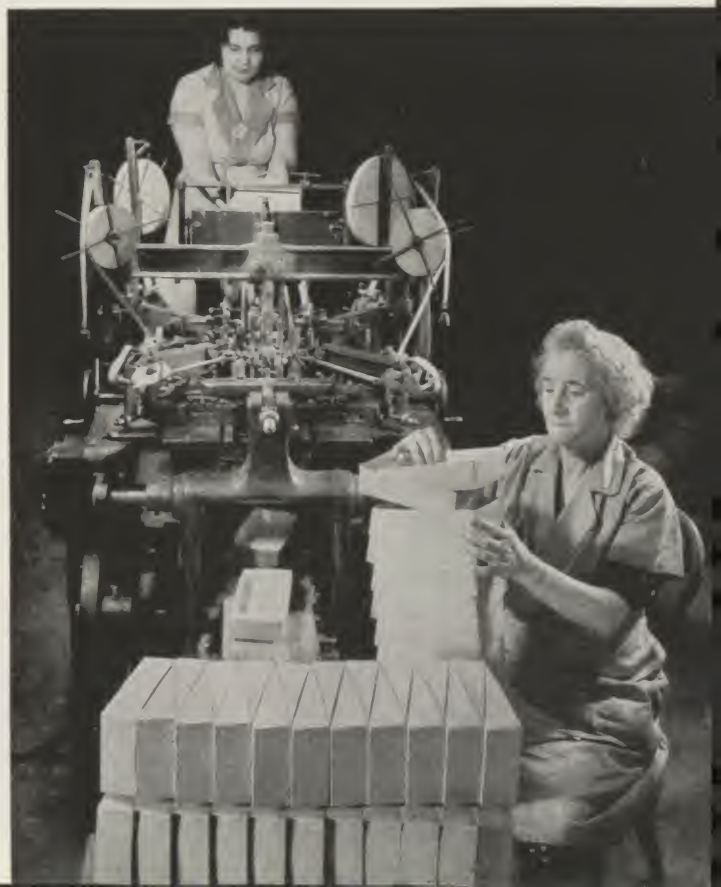
During 1943, your Company contributed about \$100,000 to the Conservation Committee of the Waste Paper Consuming Industries. A large proportion of the Paperboard Industry participated in this worthwhile effort to publicize the critical condition existing and to increase the saving and collection of waste paper. The American Newspaper Publishers' Association was extremely helpful in cooperating with the Paperboard Industry in this drive.

In addition to the above mentioned contribution, your Company also expended some \$25,000 to run its own advertisements in 123 newspapers and paid for "spot" announcements on various radio chains.



Two laminating machines in the Process Boards Department at Coated Board, Chicago. This is the new wing erected sometime ago.

Women are employed where possible. In the background, a corner taping machine for set-up box trays and covers.



WAR WORK

Much of your Company's capacity is now required by direct and indirect war needs. Not only the actual shells, cartridges, airplane and mechanized equipment parts, rifles, small arms, gas masks, etc., etc., must be packed in containers to insure safe delivery overseas and to domestic training camps, but also the food and clothing for soldiers, sailors and marines, the equipment of the Medical Corps, instruments for engineers, and many other essential war products must likewise be packaged and shipped in containers. Finally, the remaining capacity of the mills and box factories of your Company is strained to the maximum in order to supply the necessary packages for the essential civilian needs of the population; this again includes food and clothing containers for defense workers in addition to the average man on the street.

A renegotiation settlement for 1942 was made with the War Department (Chicago Ordnance District) and since the first of the year approved by the War Department, Price Adjustment Board in Washington. It involved an adjustment of \$108,192 after taxes. This amount was charged against earned surplus. It is indeterminable at this time what renegotiation adjustment, if any, may be required for 1943.

The workers at the Philadelphia plant were awarded an Army-Navy "E" in May, 1943, and in the fall of the year received the further honor of the six months' star for continued excellence of performance on important war work.

EMPLOYEE RELATIONS

At the end of the year approximately 6400 men and women were employed in the mills and factories of your Company. From the frontispiece you will note that about 1500 former members of the Container Family are now in military service. The percentage of women employees has now risen to 32%. A constant contact with those in uniform was maintained through the medium of the regular sending of cigarettes, factory magazines, house organs and personal letters. At Christmas time, a cash gift was sent to every former Container employee who had left the Company for military service. For the men and women now in the employ of your Company, better factory facilities have been provided as previously noted in this report. Also employee family hospitalization coverage





Cafeteria at 35th Street during Christmas.

Left—New or larger locker rooms and accommodations are being installed in all plants as rapidly as war conditions permit. First aid stations provide a vital service.



No land is strange to U. S. paper packages today

COVARRUBIAS

Giant, ancient monoliths of Easter Island

CONTAINER CORPORATION OF AMERICA

was added during the year to the group insurance plan. The group life, accident and sickness, surgical care and hospitalization insurance continued in full force.

RETIREMENT ANNUITY PLAN. Well over 80% of all eligible men and women employed in your Company participate in the retirement annuity plan. In 1943 the employees as a group and your Company each provided \$188,412; contributions by and on account of the executive officers aggregated 5.8%, while 94.2% was contributed by and on account of all other employees. Your Company's 1943 payment on account of past service annuities amounted to \$112,200; in accordance with provision of the retirement annuity plan these annuities become payable only upon retirement. During the year the Equitable Life Assurance Society purchased annuities for the benefit of those older employees who first approached the retirement age; of the total amount of annuities purchased 96.3% this year applied to employees in general and 3.7% to executive officers.

MANAGEMENT PROFIT SHARING PLAN

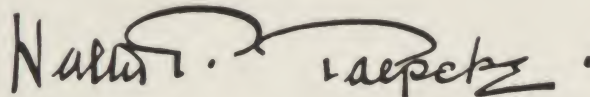
In 1940 the shareholders at their annual meeting approved a management profit sharing plan. While under this plan for the year of 1943 \$1,356,598 would have been payable, the nonparticipating directors charged with the final determination of the profit sharing fund ruled that, under the unusual conditions now prevailing, the amount to be distributed be limited to \$287,650, compared with \$267,750 in the preceding year. Profits for 1943 before war and postwar reserve were \$1,802,306 higher than for the preceding year before taxes and \$482,306 after taxes. The nonparticipating directors allocated the fund for 1943 as follows: 17.4% to the president, 41.7% to the four vice-presidents, 40.9% to fifty-eight other employees including the treasurer and secretary.

ORGANIZATION

During 1943 there were no changes made in your Company's officers or their respective responsibilities. The Board of Directors again wishes to record its appreciation for the conscientious and intelligent cooperation of all members of the organization.

Submitted on behalf of the Board of Directors.

Respectfully,

A handwritten signature in dark ink, appearing to read "Nathan Leopold", with a stylized flourish at the end.

President

CONTAINER CORPORATION OF AMERICA AND

CONSOLIDATED YEAR-END BALANCE SHEETS FOR TWELVE YEAR

ASSETS

	1943	1942	1941	1940	1939
Cash in banks and on hand.....	\$ 1,649,835	\$ 1,216,063	\$ 1,249,665	\$ 2,456,532	\$ 1,044,918
U. S. treasury notes and war bonds.....	447,061	285,870	—	—	—
Accounts and notes receivable—less reserves..	2,913,481	2,380,611	3,108,880	1,969,006	1,903,452
Inventories.....	3,481,416	3,199,667	4,340,712	3,410,931	3,644,189
Total current assets.....	\$ 8,491,793	\$ 7,082,211	\$ 8,699,257	\$ 7,836,469	\$ 6,592,559
Postwar excess profits tax refund.....	1,060,834	361,000	—	—	—
Other receivables and investments.....	76,143	135,134	367,664	802,253	1,561,736
Treasury stock at cost.....	—	—	—	—	—
Land.....	3,569,681	3,583,906	3,599,118	3,435,447	3,463,005
Buildings, machinery and equipment.....	26,972,366	26,361,566	25,864,025	25,096,655	24,051,950
Reserve for depreciation.....	<i>14,573,515</i>	<i>13,269,224</i>	<i>11,952,714</i>	<i>10,992,835</i>	<i>9,897,678</i>
Deferred charges.....	446,918	283,175	227,151	187,062	338,039
Good will and patents.....	I	I	I	I	I
	<u>\$26,044,221</u>	<u>\$24,537,769</u>	<u>\$26,804,502</u>	<u>\$26,415,052</u>	<u>\$26,109,612</u>

LIABILITIES

Accounts payable.....	\$ 849,217	\$ 1,154,353	\$ 1,321,396	\$ 345,977	\$ 820,005
Accrued salaries, wages, taxes, interest, etc. .	1,256,587	1,048,981	1,118,470	832,830	516,978
Reserve for Federal income taxes.....	—*	—*	360,070*	1,186,977	296,000
Sinking fund payments due within a year . . .	—	—	—	—	250,000
Total current liabilities.....	\$ 2,105,804	\$ 2,203,334	\$ 2,799,936	\$ 2,365,784	\$ 1,882,983
Funded debt.....	—	—	2,900,000	4,100,000	5,126,000
Provision for prior years Federal income taxes in dispute.....	—	—	—	—	—
Reserve for contingencies.....	—	—	—	—	—
War and postwar reserve.....	700,000	—	—	—	—
Capital stock.....	15,625,060	15,625,060	15,625,060	15,625,060	15,625,060
7% Preferred stock.....	—	—	—	—	—
Class A common stock.....	—	—	—	—	—
Class B common stock.....	—	—	—	—	—
Capital surplus.....	671,494	671,494	671,494	671,494	671,494
Earned surplus.....	6,941,863	6,037,881	4,808,012	3,652,714	2,804,075
	<u>\$26,044,221</u>	<u>\$24,537,769</u>	<u>\$26,804,502</u>	<u>\$26,415,052</u>	<u>\$26,109,612</u>
Working capital.....	\$ 6,385,989	\$ 4,878,877	\$ 5,899,321	\$ 5,470,685	\$ 4,709,576
Current ratio.....	4.03 to 1	3.21 to 1	3.11 to 1	3.31 to 1	3.50 to 1
Book value per share.....	\$ 29.74	\$ 28.59	\$ 27.01	\$ 25.53	\$ 24.45

Note—Italics denote red figures.

*Provision for Federal income and excess profit taxes. .	\$9,068,820	\$6,878,426	\$4,564,790		
Less Treasury notes—tax series.....	9,068,820	6,878,426	4,204,720		
	—	—	\$ 360,070		

SUBSIDIARY COMPANIES

PERIOD ENDED DECEMBER 31, 1943

1938	1937	1936	1935	1934	1933	1932
\$ 1,031,969	\$ 1,650,344	\$ 1,147,362	\$ 1,131,576	\$ 820,912	\$ 439,616	\$ 1,027,685
1,474,683	1,133,116	1,625,631	1,155,580	1,146,099	1,161,913	804,972
2,859,950	3,143,426	2,900,739	2,896,060	2,489,422	2,622,308	1,257,032
\$ 5,366,602	\$ 5,926,886	\$ 5,673,732	\$ 5,183,216	\$ 4,456,433	\$ 4,223,837	\$ 3,089,689
1,487,517	1,848,555	149,754	90,563	136,840	195,079	40,475
3,450,285	3,192,264	3,237,069	3,237,069	93,750	93,750	93,750
23,452,635	22,720,891	21,872,009	21,143,364	3,219,640	3,219,640	3,251,857
8,922,908	7,763,149	7,738,397	6,760,214	20,172,812	18,795,010	19,734,390
387,994	385,583	438,647	433,644	5,789,049	5,084,545	4,949,959
I	I	I	I	487,155	622,916	591,908
<u>\$25,222,126</u>	<u>\$26,311,031</u>	<u>\$23,632,815</u>	<u>\$23,327,643</u>	<u>\$22,777,582</u>	<u>\$22,065,688</u>	<u>\$21,852,111</u>

\$ 446,525	\$ 363,451	\$ 1,305,003	\$ 758,558	\$ 988,356	\$ 985,431	\$ 340,754
392,440	434,276	415,636	329,066	304,602	327,794	279,899
34,200	528,000	255,000	217,500	195,000	—	—
128,000	115,000	154,000	250,000	201,500	14,000	14,000
\$ 1,001,165	\$ 1,440,727	\$ 2,129,639	\$ 1,555,124	\$ 1,689,458	\$ 1,327,225	\$ 634,653
5,945,500	6,472,000	6,980,500	7,736,360	7,783,500	8,239,000	8,666,000
500,000	—	—	—	—	—	—
—	449,114	434,114	417,614	81,622	86,122	86,122
—	—	—	—	—	—	—
15,625,060	15,625,060	13,070,800	13,070,800	—	—	—
—	—	—	—	1,206,600	1,575,300	1,832,200
—	—	—	—	7,471,100	7,471,100	7,471,100
—	—	—	—	2,890,945	2,890,945	2,890,945
671,494	383,139	—	—	1,922,499	1,658,285	1,460,811
1,478,907	1,940,991	1,017,762	547,745	268,142	1,182,289	1,189,720
<u>\$25,222,126</u>	<u>\$26,311,031</u>	<u>\$23,632,815</u>	<u>\$23,327,643</u>	<u>\$22,777,582</u>	<u>\$22,065,688</u>	<u>\$21,852,111</u>
\$ 4,365,437	\$ 4,486,159	\$ 3,544,093	\$ 3,628,092	\$ 2,766,975	\$ 2,896,612	\$ 2,455,036
5.36 to 1	4.11 to 1	2.66 to 1	3.33 to 1	2.64 to 1	3.18 to 1	4.87 to 1
\$ 22.75	\$ 22.97	\$ 21.56	\$ 20.84	Various classes of outstanding stock were reclassified into present capital stock in 1935.		

CONTAINER CORPORATION OF AMERICA AND CONSOLIDATED PROFIT AND LOSS STATEMENTS FOR TWELVE

	1943	1942	1941	1940	1939
Net sales.	\$61,163,685	\$49,533,239	\$46,714,221	\$30,464,677	\$24,114,815
Cost of sales (exclusive of depreciation)	46,206,565	36,668,926	35,548,267	23,339,894	19,172,531
Gross profit (exclusive of depreciation) . .	\$14,957,120	\$12,864,313	\$11,165,954	\$ 7,124,783	\$ 4,942,284
Provision for depreciation.	1,421,460	1,411,499	1,307,975	1,241,246	1,180,417
Gross profit from operations.	\$13,535,660	\$11,452,814	\$ 9,857,979	\$ 5,883,537	\$ 3,761,867
Selling, administrative and general expenses (exclusive of bad debts)	3,412,501	3,016,086	2,953,587	2,361,345	1,690,557
Profit from operations (exclusive of bad debts)	\$10,123,159	\$ 8,436,728	\$ 6,904,392	\$ 3,522,192	\$ 2,071,310
Other income and <i>charges</i> —net.	260,895	181,652	69,679	113,030	36,237
Profit before interest and Federal income taxes	\$10,384,054	\$ 8,618,380	\$ 6,834,713	\$ 3,635,222	\$ 2,107,547
Interest charges, etc.	—	36,632	92,536	220,540	365,604
Profit before Federal income taxes	\$10,384,054	\$ 8,581,748	\$ 6,742,177	\$ 3,414,682	\$ 1,741,943
Provision for Federal income taxes.	7,500,000	6,180,000	4,415,000	1,187,000	293,043
Net profit for year.	\$ 2,884,054	\$ 2,401,748	\$ 2,327,177	\$ 2,227,682	\$ 1,448,900
Appropriation for war and postwar reserve . .	700,000	—	—	—	—
Balance carried to earned surplus.	<u>\$ 2,184,054</u>	<u>\$ 2,401,748</u>	<u>\$ 2,327,177</u>	<u>\$ 2,227,682</u>	<u>\$ 1,448,900</u>
Earnings per share.	\$ 2.80	\$ 3.07	\$ 2.98	\$ 2.85	\$ 1.85

Note—Italics denote red figures.

RECORD OF DIVIDENDS AND INTEREST ON FUNDED DEBT PAID FOR TWELVE YEAR PERIOD JANUARY 1, 1932

Dividends paid:					
Preferred stocks.	—	—	—	—	—
Common stocks.	\$ 1,171,879	\$ 1,171,879	\$ 1,171,879	\$ 1,171,879	\$ 195,313
Total dividends.	\$ 1,171,879	\$ 1,171,879	\$ 1,171,879	\$ 1,171,879	\$ 195,313
*Interest paid on funded debt.	—	\$ 37,031	\$ 91,234	\$ 207,677	\$ 310,900
Total dividends and interest.	<u>\$ 1,171,879</u>	<u>\$ 1,208,910</u>	<u>\$ 1,263,113</u>	<u>\$ 1,379,556</u>	<u>\$ 506,213</u>

*On basis of cash payments made. This differs slightly from accrual basis used on profit and loss statement.

SUBSIDIARY COMPANIES

YEAR PERIOD ENDED DECEMBER 31, 1943

1938	1937	1936	1935	1934	1933	1932	Total
\$18,705,290	\$25,268,327	\$22,525,268	\$20,181,777	\$18,316,508	\$15,419,759	\$11,457,966	\$343,865,532
15,295,294	19,201,297	17,466,001	15,356,939	14,136,407	12,819,457	10,292,552	265,504,130
\$ 3,409,996	\$ 6,067,030	\$ 5,059,267	\$ 4,824,838	\$ 4,180,101	\$ 2,600,302	\$ 1,165,414	\$78,361,402
1,261,111	1,216,800	1,172,734	1,152,590	984,162	791,007	806,467	13,947,468
\$ 2,148,885	\$ 4,850,230	\$ 3,886,533	\$ 3,672,248	\$ 3,195,939	\$ 1,809,295	\$ 358,947	\$64,413,934
1,748,504	2,027,711	1,791,599	1,575,614	1,375,624	1,096,807	1,188,528	24,238,463
\$ 400,381	\$ 2,822,519	\$ 2,094,934	\$ 2,096,634	\$ 1,820,315	\$ 712,488	\$ 829,581	\$40,175,471
75,930	71,770	89,054	143,609	21,278	55,468	14,897	201,989
\$ 476,311	\$ 2,750,749	\$ 2,005,880	\$ 1,953,025	\$ 1,799,037	\$ 657,020	\$ 844,478	\$40,377,460
412,641	438,644	463,938	497,516	491,326	516,099	535,885	4,071,361
\$ 63,670	\$ 2,312,105	\$ 1,541,942	\$ 1,455,509	\$ 1,307,711	\$ 140,921	\$ 1,380,363	\$36,306,099
34,200	528,000	255,000	217,500	195,000	—	—	20,804,743
\$ 29,470	\$ 1,784,105	\$ 1,286,942	\$ 1,238,009	\$ 1,112,711	\$ 140,921	\$ 1,380,363	\$15,501,356
—	—	—	—	—	—	—	700,000
\$ 29,470	\$ 1,784,105	\$ 1,286,942	\$ 1,238,009	\$ 1,112,711	\$ 140,921	\$ 1,380,363	\$14,801,356
\$.04	\$ 2.28	\$ 1.97	\$ 1.89	Various classes of outstanding stock were reclassified into present capital stock in 1935.			

TO DECEMBER 31, 1943

—	—	—	\$ 422,310	—	—	—	\$ 422,310
\$ 234,376	\$ 860,876	\$ 816,925	—	—	—	—	6,795,006
\$ 234,376	\$ 860,876	\$ 816,925	\$ 422,310	—	—	—	\$ 7,217,316
\$ 346,005	\$ 374,340	\$ 422,459	\$ 438,871	\$ 438,170	\$ 458,685	\$ 478,270	\$ 3,603,642
\$ 580,381	\$ 1,235,216	\$ 1,239,384	\$ 861,181	\$ 438,170	\$ 458,685	\$ 478,270	\$10,820,958

FIVE-YEAR COMPARISONS 1939-1943

	1939	1940	1941	1942	1943
NUMBER OF EMPLOYEES (AT 12/31)	3,827	4,419	6,295	5,627	6,428
TONS SHIPPED	462,385	504,507	627,292	575,856	598,918
NET PROFIT	\$1,448,900	\$2,227,682	\$2,327,177	\$2,401,748	\$2,184,054
DIVIDENDS AND INTEREST PAID	\$506,213	\$1,379,556	\$1,263,113	\$1,208,910	\$1,171,879
TAXES	\$784,372	\$1,775,287	\$5,210,021	\$6,953,984	\$8,356,871
PER CENT OF PROFIT ON INVESTED CAPITAL	7.86%	11.41%	11.34%	11.06%	9.58%
INVESTED CAPITAL PER EMPLOYEE	\$ 4,818	\$ 4,418	\$ 3,261	\$ 3,860	\$ 3,545
INCREASE IN SURPLUS	\$1,325,168	\$848,639	\$1,155,298	\$1,229,869	\$903,983



Studio of the Art Department at 35th Street, Chicago. Sketches and finished working drawings for cartons are made here.

Folding carton printed in four colors. Its contents are typical of many new products going to market in paperboard packages.



RAW MATERIALS

MILLS

PAPERBOARD



PULP FROM FERNANDINA AND OTHER SOURCES—WASTE PAPER FROM LARGE CITIES



STRAW FROM MIDWEST FARMS



CHICAGO • COATED BOARD

CHICAGO • OGDEN

PHILADELPHIA

WABASH

PAPERBOARD

WILMINGTON

CARTHAGE

CIRCLEVILLE



RAW MATERIALS

MILLS

PAPERBOARD

SOURCES AND FLOW OF PRIMARY MATERIALS THROUGH MILLS

FACTORIES

PRODUCTS

USES

ANDERSON

BALTIMORE

CHICAGO

CINCINNATI

CLEVELAND

FT. WORTH

NATICK

PHILADELPHIA

ROCK ISLAND

ST. LOUIS



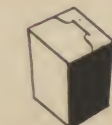
CORRUGATED
CONTAINERS



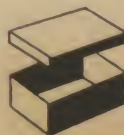
SOLID FIBRE
CONTAINERS



FOLDING CARTONS



FOOD PAILS



SET-UP BOXES



FIBRE CANS

Airplane Parts	Luggage
Airplane Models	Machines and
Ammunition	Machine Parts
Automotive Parts	Matches
Bakery Goods	Mattresses and
Beer	Springs
Belt Links	Meat Packing
Bomb Parts	Notions
Book Binders,	Paint and Varnish
Publishers, Printers	Paper Mill Products
Boots and Shoes	Petroleum Products
Building Materials,	Pharmaceuticals,
Supplies and	Cosmetics and
Fixtures	Druggist Prepa-
Canned Foods	arations
Caps and Closures	Photographic
Caskets and Vaults	Apparatus and
Cereal Products	Supplies
China, Pottery and	Rations
Glass Tableware	Rifles
Clothing	Rubber Goods
Coffee, Tea,	Sanitary Ware
Cocoa and Spices	and Plumbers'
Confectionery	Supplies
and Nuts	Soaps and Cleansers
Cots	Soft Drinks
Chemicals and	Sporting Goods
Naval Stores	Stoves and
Dairy Products	Accessories
Dehydrated Foods	Sugar (Beet and
Dynamite	Cane)
Fruits and Vegetables	Textiles
Furniture	T. N. T.
Fuses	Tobacco Products
Gas Masks	Toys and Games
Glass Products	Vegetable Oil
Hardware and Tools	Products
Helmets	Wholesale
Linens and Domestics	and Retail
Liquor and Wine	Establishments

FACTORIES

PRODUCTS

USES

CONTAINER CORPORATION OF AMERICA

CONSOLIDATED BALANCE SHEET

ASSETS

CURRENT ASSETS:

Cash in banks and on hand.....		\$ 1,649,834.66
United States Treasury notes and war bonds, at cost plus accrued interest.....		447,061.26
Accounts and notes receivable from customers.....	\$ 3,006,016.24	
Less—Reserve for doubtful receivables.....	<u>153,535.70</u>	2,852,480.54
Other accounts receivable.....		61,000.71
Inventories of finished goods, work in process, raw materials and supplies—priced at the lower of cost or market.....		<u>3,481,415.79</u>
Total current assets.....		\$ 8,491,792.96

OTHER RECEIVABLES AND INVESTMENTS:

Postwar refund of Federal excess profits tax.....	\$ 1,060,833.80	
Other receivables and investments, at cost.....	<u>76,143.64</u>	1,136,977.44

PLANT AND EQUIPMENT—stated at amounts (based in part on appraisals) recorded at dates of acquisition of properties (including properties acquired for capital stock), plus subsequent additions at cost, less reserves for depreciation:

Land.....		\$ 3,569,680.85
Buildings.....	\$ 7,456,628.92	
Machinery, equipment, etc.....	15,070,393.29	
Leasehold and leasehold improvements.....	<u>4,445,344.30</u>	
	\$26,972,366.51	
Less—Reserves for depreciation.....	<u>14,573,515.45</u>	<u>12,398,851.06</u>
PREPAID INSURANCE, ETC.....		15,968,531.91
		446,918.58

GOODWILL AND PATENTS.....

1.00
<u>\$26,044,221.89</u>

AND SUBSIDIARY COMPANIES

—DECEMBER 31, 1943

LIABILITIES

CURRENT LIABILITIES:

Accounts payable.....		\$ 849,217.26
Accrued liabilities—		
Salaries, wages and profit sharing provision.....	\$ 598,057.56	
Taxes, other than Federal income taxes.....	512,384.87	
Other.....	<u>146,144.73</u>	1,256,587.16
Provision for Federal taxes on income.....	\$ 9,068,820.24	
Less—United States Treasury Notes, tax series, to be applied in payment thereof.....	<u>9,068,820.24</u>	<u>—</u>
Total current liabilities.....		\$ 2,105,804.42

WAR AND POSTWAR RESERVE.....	700,000.00
------------------------------	------------

CAPITAL STOCK AND SURPLUS:

Capital stock—

Authorized 1,000,000 shares of \$20 par value each		
Outstanding 781,253 shares.....	\$15,625,060.00	
Paid-in surplus (no change during year).....	671,494.30	
Earned surplus (see accompanying summary).....	<u>6,941,863.17</u>	23,238,417.47

\$26,044,221.89

CONTAINER CORPORATION OF AMERICA AND SUBSIDIARY COMPANIES

SUMMARIES OF CONSOLIDATED PROFIT AND LOSS AND EARNED SURPLUS FOR THE YEAR ENDED DECEMBER 31, 1943

PROFIT AND LOSS

NET SALES.....		\$61,163,684.70
COST OF SALES (exclusive of depreciation).....	\$46,206,564.85	
PROVISION FOR DEPRECIATION (including \$38,965.16 of depletion)...	1,421,459.64	47,628,024.49
Gross profit from operations.....		\$13,535,660.21
SELLING, ADMINISTRATIVE AND GENERAL EXPENSES.....		3,412,500.82
Profit from operations.....		\$10,123,159.39
PURCHASE DISCOUNTS, INTEREST EARNED, ETC. (net).....		260,895.11
Balance before provision for Federal taxes on income....		\$10,384,054.50
PROVISION FOR FEDERAL TAXES ON INCOME:		
Declared value excess profits tax.....	\$ 100,000.00	
Normal tax and surtax.....	740,000.00	
Excess profits tax (less credit of \$740,000.00 for postwar refund)...	6,660,000.00	7,500,000.00
Net profit for year.....		\$ 2,884,054.50
APPROPRIATION FOR WAR AND POSTWAR RESERVE.....		700,000.00
Balance carried to earned surplus.....		<u>\$ 2,184,054.50</u>

EARNED SURPLUS

BALANCE DECEMBER 31, 1942.....		\$ 6,037,880.54
ADD—Balance of profit for year, as above.....		2,184,054.50
		\$ 8,221,935.04
DEDUCT:		
Cash dividends paid (\$1.50 per share).....	\$ 1,171,879.50	
Settlement of renegotiation of war contracts for 1942 (Note 2).....	108,192.37	1,280,071.87
BALANCE DECEMBER 31, 1943.....		<u>\$ 6,941,863.17</u>

NOTES:

- (1) The company has filed or will file claims for relief from a portion of its excess-profits tax for the years ended December 31, 1940, 1941, 1942 and 1943 under Section 722 of the Internal Revenue Code. The effect of such claims has not been reflected in the accompanying financial statements, nor has any consideration been given thereto in determining the provision for Federal taxes on income for the current year.
- (2) The company has concluded a settlement with respect to renegotiation of war contracts for the year ended December 31, 1942. The effect, if any, which renegotiation proceedings may have upon the net profit for the year ended December 31, 1943 is not expected to be relatively significant.

ARTHUR ANDERSEN & Co.

120 SOUTH LA SALLE STREET
CHICAGO

To the Stockholders of

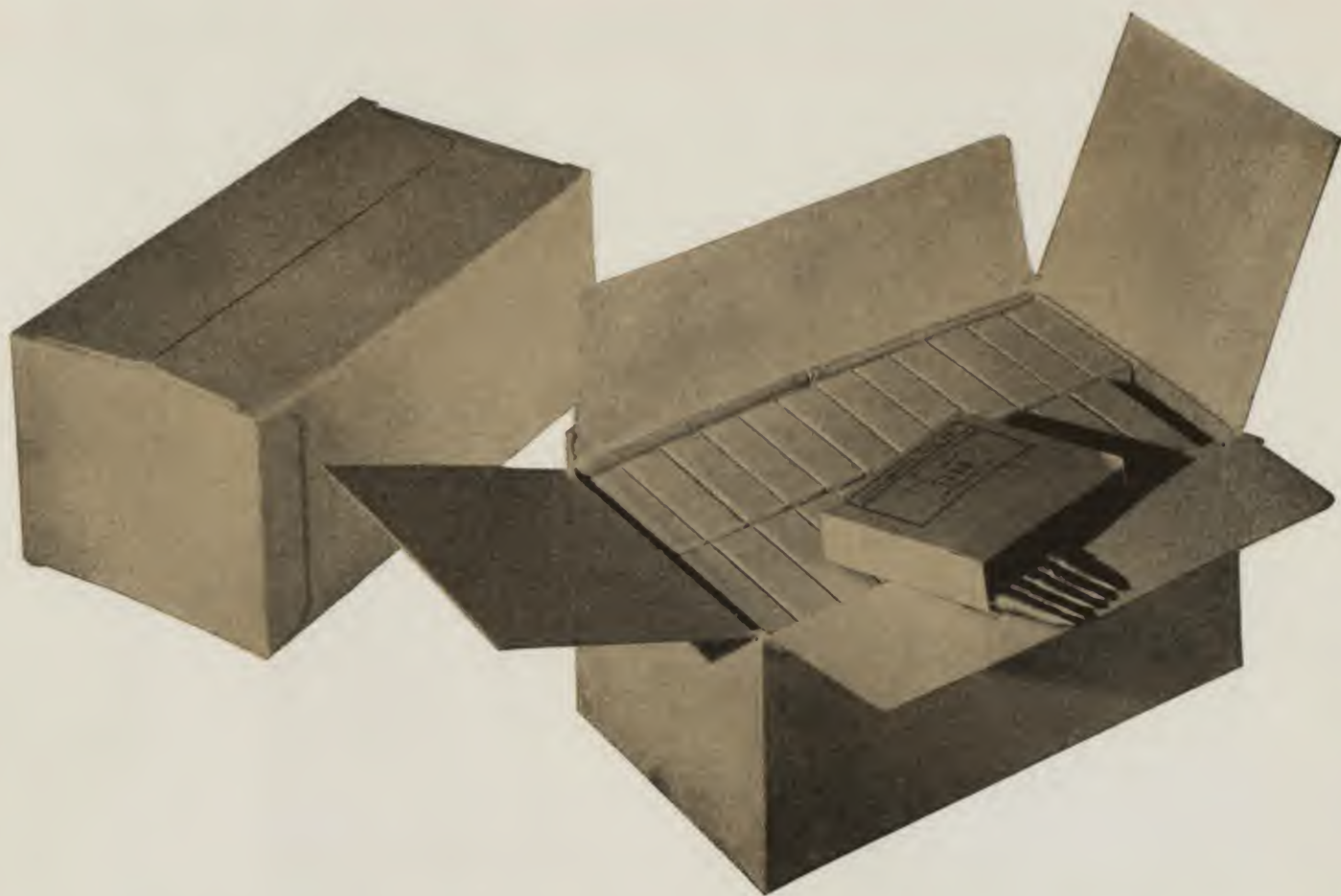
Container Corporation of America:

We have examined the consolidated balance sheet of CONTAINER CORPORATION OF AMERICA and subsidiaries as of December 31, 1943, and the summaries of consolidated profit and loss and surplus for the year then ended, have reviewed the system of internal control and the accounting procedures of the companies and, without making a detailed audit of the transactions, have examined or tested accounting records of the companies and other supporting evidence, by methods and to the extent we deemed appropriate. Our examination was made in accordance with generally accepted auditing standards applicable in the circumstances and included all procedures which we considered necessary.

In our opinion, the accompanying consolidated balance sheet and related summaries of consolidated profit and loss and surplus present fairly the position of the companies at December 31, 1943, and the results of their operations for the year, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Chicago, Illinois,
February 4, 1944.

Arthur Andersen & Co.



Small Arms Ammunition



